

## New Hampshire Retirement System Education Sessions

The New Hampshire Retirement System (NHRS) is pleased to offer retirement education sessions to teachers, employees, firefighters and police officers throughout the state who are NHRS members not yet retired. During this one hour general information program, members of all ages and in various stages of their career will learn about their NHRS benefits including service, early service, disability, and vested deferred retirement; pre-retirement and post-retirement death benefits; medical insurance after retirement; and other important aspects of their NHRS retirement benefits. Please note that personalized account information and pension estimates are not offered during these sessions

Consistent with its strategic business plan, NHRS is identifying and implementing best practices to provide its membership with quality retirement services. Based on our experience and direct feedback from our members, and employers, the regional approach to outreach sessions provides the NHRS membership with an opportunity to obtain important information about their NHRS benefits. For the most current listing of education sessions available throughout the state, please visit [www.nhrs.org](http://www.nhrs.org). We hope you and your colleagues will join us for one of the sessions.



**NHRS**  
New Hampshire Retirement System

An Electronic Newsletter for New Hampshire Retirement System Employers ~ Winter 2007 ~ Number 1

## WELCOME TO EMPLOYER E-NEWS!!!!

**EMPLOYER E-NEWS IS AN ELECTRONIC NEWSLETTER THAT WILL BE AVAILABLE ON OUR WEBSITE AT [WWW.NHRS.ORG](http://WWW.NHRS.ORG).**

Please note that this will be the only hard copy distributed by NHRS. If you would like to sign up to receive this newsletter, please subscribe to the NHRS email subscribe service described in this newsletter. If you have already subscribed, there is no need to contact NHRS again.

## Appropriate Certification/ Licensure Required of Teacher Members

Chapter 51 of Laws of 2006 requires employers to maintain and make available to NHRS upon request proof of appropriate certification by the Department of Education or appropriate professional licensure for all individuals enrolled in NHRS as “teacher members”. Teacher members include teachers, school nurses, guidance counselors, principals, librarians and other members of the teaching and professional staff.

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- ◆ Enter your email address where it says “[Subscribe to the NHRS Email List](#)”.
- ◆ Then click on the “Go” button.
- ◆ You will receive an email from NHRS shortly after.
- ◆ Respond to the email, and you are subscribed.

New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301-8507  
603-410-3500 or toll-free: 877-600-0158  
Web Site: [www.nhrs.org](http://www.nhrs.org)

The New Hampshire Retirement System (NHRS) is governed by New Hampshire RSA 100-A, the rules and regulations promulgated by the NHRS Board of Trustees, and Federal laws including the Internal Revenue Code. NHRS also implements policies adopted by the Board of Trustees. These laws, rules, regulations and policies are subject to change. Even though the goal of NHRS is to provide information that is current, correct and complete, NHRS does not make any representation or warranty as to the current applicability, accuracy or completeness of any information provided in this publication. This publication is intended to provide general information only and should not be construed as a legal opinion or as legal advice. Members are encouraged to address specific questions regarding NHRS with an NHRS representative. In the event of any conflict between this publication and the laws, rules and regulations which govern NHRS, the laws, rules and regulations shall prevail.

## Legislation Enacted in 2006 Impacting the New Hampshire Retirement System (NHRS):

- Introduced as HB 1128 and enacted effective 04/24/2006, Chapter 51 of 2006 Laws requires employers to maintain and make available to NHRS upon request proof of appropriate certification by the Department of Education or appropriate professional licensure for all individuals enrolled in NHRS as “teacher members”.
- Introduced as HB 1634 and enacted effective 07/14/2006, Chapter 120 of 2006 Laws makes various “housekeeping” changes to RSA 100-A including modifications to the definitions of “Employer”, “Prior Service” and “Accumulated Contributions”, deleting the gainful occupation reporting requirement for disabled call, substitute and volunteer firemen, deleting an obsolete section regarding permitted earnings for certain retirees, and clarifying provisions regarding creditable service, the medical subsidy and financing.
- Introduced as HB 1633 and enacted effective 07/24/2006, Chapter 178 of 2006 Laws simplifies determination of benefits upon retirement after restoration to service, adds direct rollover provisions required by the Internal Revenue Code, conforms statute to practice and long-standing policy regarding COLAs, eliminates Board of Trustees subcommittees and provisions regarding the former position of director of finance, clarifies the opt-out election and service for medical subsidy eligibility under modifications, harmonizes provisions regarding interest, clarifies criteria for required NHRS membership, and permits certain active members to purchase up to 5 years of nonqualified permissive service credit.
- Introduced as HB 1113 and enacted effective 07/29/2006, Chapter 191 of 2006 Laws amends the definition of “public academy”.
- Introduced as HB 1735 and enacted effective 07/30/2006, Chapter 207 of 2006 Laws deals with the administration of the hospitalization plan for state retirees.



## COMMONLY ASKED QUESTIONS

### What type of retirement plan is NHRS?

The New Hampshire Retirement System (NHRS) is a contributory public employee defined benefit pension plan qualified under section 401(a) of the Internal Revenue Code (Code) and funded through a trust which is exempt from tax under Code section 501(a). NHRS provides benefits to its eligible members and their beneficiaries upon retirement, disability, death or other termination of employment. Retirement benefits are determined by a formula, which considers two variables: a member's average final compensation and creditable service. Although members and their employers must make regular contributions to NHRS, those contributions are not variables in determining the actual defined benefit.

### What is Average Final Compensation and Creditable Service?

A member's Average Final Compensation (AFC) is the average of the member's annual compensation for the three highest paid years of membership service. Certain limitations may apply.

Creditable service, also referred to as "service credit", includes membership service earned as a contributing NHRS member, plus service credit purchases. Service credit purchases may include employer enrollment oversight service, military service for military duty served prior to NHRS membership, modifications service, nonqualified service, out-of-state service, probationary/temporary service and previously withdrawn service. There are also provisions relating to service credit for members called to active military duty and for members who receive Workers' Compensation.

### What does it mean to be vested?

Members who have at least 10 years of creditable service are vested and have earned their right to a pension. This means that they may leave their NHRS-covered employment before they are eligible to retire but are still entitled to a pension in the future, when the eligibility requirements for a Vested Deferred Retirement benefit have been met. Vested members must not withdraw their funds from NHRS if they wish to receive pension benefits.

### Do all NHRS members need 10 years of service in order to retire?

No. All members who are age 60 or older and are actively contributing to NHRS are eligible for Service Retirement, regardless of how many years of creditable service they have.

Different provisions apply to Disability Retirement.

### Once I am vested, am I entitled to my employer's share if I withdraw my funds?

No. Members never receive a refund of their employer's contributions. An employer's contributions are used to fund retirement pensions; employer contributions are never payable as a refund.

### May I borrow or withdraw any of my NHRS funds if I am experiencing financial difficulties?

No. Members may not borrow or withdraw any of their NHRS funds for any reason prior to termination of employment or retirement.

## Medical Subsidy Rates

Pursuant to the New Hampshire Retirement System (NHRS) statutory provisions, the medical subsidy rates increase by 8%, effective July 1 each year. The current rates are listed below.

**1 Person = \$347.74**  
**2 Person = \$695.48**  
**1 Person Medicare Supplement = \$219.30**  
**2 Person Medicare Supplement = \$438.60**

NHRS law requires its participating political subdivision employers (school districts, cities, towns, counties, etc.) to allow their employees who participate in NHRS to continue their health insurance after retirement. NHRS law does not require the employer to pay for a retired NHRS member's health insurance. Different provisions apply to retired state employees (employees who retire from state government agencies and departments), whose health insurance is administered and funded by the NH Department of Administrative Services, Division of Personnel.

Separate from the employer health insurance plan, NHRS offers a medical subsidy benefit for its qualified retired members. The medical subsidy is a payment made by NHRS directly to a qualified retired member's former employer or health insurance carrier, applied toward the cost of the retired member's health coverage. The medical subsidy is payable on behalf of the qualified retired member and his/her spouse. (The medical subsidy is *not* a health insurance plan.)

To qualify, Group I political subdivision members (employees and teachers) must retire on or before July 1, 2008, on Service, Early Service, Vested Deferred or Ordinary Disability retirement. Group I members with at least 20 years of creditable service would become eligible for the medical subsidy at age 60; Group I members with at least 30 years of creditable service would become eligible as early as age 55. Also, Group I members who retired on Accidental Disability Retirement on or before July 1, 2004, qualify for the medical subsidy. Under the current law, Group I members who retire after July 1, 2008 will not be eligible for the medical subsidy. Different provisions apply to state employees; see below.

Group II members (firefighters and police officers) who were active or retired as of June 30, 2000, qualify for the medical subsidy when they retire under Service Retirement with a minimum of 20 years of Group II creditable service; retire on Service Retirement at age 60 or older with no minimum service required; or retire on Ordinary Disability Retirement. Also, members who became active Group II members prior to July 1, 2005, and who retire on Accidental Disability Retirement, qualify for the medical subsidy.

Retired members of political subdivisions should contact their former employer with questions specific to their health insurance plan provisions. Questions about the medical subsidy should be directed to an annuity representative of NHRS by calling (603) 410-3500 or toll-free 1-877-600-0158.

State employees who retired after July 1, 2004, are not eligible for the medical subsidy but may be eligible for the state health insurance. More information about state retiree health insurance may be found on the NH Division of Personnel's web site at [http://www.nh.gov/hr/retirement\\_benefits.html](http://www.nh.gov/hr/retirement_benefits.html). State employees who retired on or prior to July 1, 2004, and have questions about the NHRS medical subsidy should contact an annuity representative of NHRS by calling (603) 410-3500 or toll-free 1-877-600-0158.

### Legislative Study Committee/Working Group

House Bill 181, Laws of 2005, created a legislative study committee, and a working group comprised of various constituent groups has recently been created. The study committee and working group are researching potential strategies for ensuring that NHRS will continue to meet its benefit obligations. NHRS' role in the legislative process, and its participation in the study committee and working group, is to provide factual, technical information.